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## 1 INTRODUCTION

This Section provides an overview of the *Project EASI/ED (Easy Access for Students and Institutions/US Department of Education) Best Practices Study on Implementing Major Change*. It provides background on the project, explains the purpose of the study, and defines “best practices.” It explains the approach used to create the study and outlines the document organization.

### 1.1 Project EASI Overview

Project EASI is an effort by members of the postsecondary education community to define and implement a customer-focused “system” to support postsecondary education. The Project EASI vision encompasses the entire postsecondary education community and its current customers. This includes prospective students, families, students, borrowers, schools, lenders, secondary markets, servicers, guarantors, state agencies, ED, professional organizations, and external organizations that may wish to share appropriate information (e.g., employers, financial counselors). Project EASI/ED encompasses ED’s internal areas of responsibility as they relate to the overall vision, as well as ED’s interactions with the postsecondary education community.

### 1.2 Document Purpose

Project EASI/ED represents a major change initiative for ED, in that it will significantly impact not just ED’s technology and systems, but also its business processes and organizational structure. The changes envisioned by Project EAS/ED are driven both by limitations in the current system and by customers’ ever-growing expectations for improved service delivery through technology.

Project EASI/ED crosses several internal organizational boundaries within ED, impacts a wide array of stakeholders across the entire postsecondary education community, and is taking place in a constantly evolving legislative, regulatory, and technological environment.

All these factors combine to make Project EASI/ED a very complex undertaking, and one where lessons learned from similar efforts elsewhere could prove very valuable.

The purpose of this document is to highlight best practices in implementing major change within organizations. Major change implementations are projects that strive for significant improvement in business performance and that are broad in scope. “Best practices” are processes, technologies, or organizational structures that can lead to superior performance.

This best practices study is based upon the lessons learned by organizations that have implemented a major change and upon published research. The study covers the following main themes.

- Change management activities that should occur during the life of a major change project
- Factors that influence the success or failure of major change initiatives with a particular emphasis on large-scale information technology (IT) projects
- Means to minimize risk of implementation failure

While the examples cited in the study are major change initiatives with a significant IT component, the study serves more generally as a reference for implementing major change in an organization.

### 1.3 Approach

To develop the *Project EASI/ED Best Practices Study on Implementing Major Change*, the team followed a structured, four-step approach to study other organizations and to identify best practices.

1. Perform secondary research
2. Identify subject matter experts
3. Conduct interviews with subject matter experts
4. Analyze findings and select best practices

These steps are detailed below.

#### 1. Perform secondary research

The team gathered articles and other documents related to implementing major change in order to identify best practices. The articles and documents used to define major change, to explain why companies undergo major change, and to describe the steps companies take to implement major change came from the major secondary sources listed below.

1. KnowledgeView, Price Waterhouse's (PW's) proprietary research service
2. BetterTech Exchange, PW's proprietary resource on managing the people and organizational aspects of systems-driven change
3. Gartner Group Research Database
4. Forrester Research Database

#### 2. Identify subject matter experts

After reviewing secondary sources, the team identified subject matter experts within Price Waterhouse based upon their depth of experience proven by their involvement in successful implementations of major change.

#### 3. Conduct interviews with subject matter experts

During each interview, the team followed a detailed questionnaire to draw upon the subject matter expert's experience on best practices in implementing major change. (See Appendix B for questionnaire.)

#### 4. Analyze findings and select best practices

Upon completing the secondary research and interviews, the team analyzed the most apt materials and selected key findings.

### 1.4 Document Organization

The remainder of the *Project EASI/ED Best Practices Study on Implementing Major Change* comprises the sections listed below.

- **Section 2: Overview of Major Change.** Introduces the concept of implementing major change, starting with a description of the levers of change and concluding with success factors for implementing major change within organizations.
- **Section 3: Key Findings.** Describes key change management activities, illustrates each activity with an example, specifies success factors, and highlights the implications for ED.
- **Section 4: Summary.** Summarizes the key findings that can guide an organization through the process of implementing major change.
- **Appendix A: Acronyms.** Definition of acronyms used in the document.
- **Appendix B: Interview Scripts.** Interview script used to conduct subject matter expert interviews.
- **Appendix C: Principles of Better Change.** 15 guiding principles for affecting successful major change.
- **Appendix D: Bibliography.** Suggested reading and references.

## 2 OVERVIEW OF MAJOR CHANGE

This Section introduces major change. Subsection 2.1 explains the levers for affecting major change. Subsection 2.2 highlights the stages of the project life cycle. Subsection 2.3 highlights the critical success factors for implementing major change.

In today's dynamic and competitive business environment, organizations are finding it increasingly difficult to adapt to the changes necessary to remain a key player. As a result, many organizations are undertaking major change initiatives in the hope of improving performance.

Major change initiatives are projects that aim for significant improvement in an organization's performance and that are broad in scope. It is the drive for substantial advancement in performance that leads to broad initiative scope. Few opportunities for improvement are labeled off-limits so major change projects typically examine the core components of an organization, i.e., what the organization does, who does it, and how it is it done. These components can be portrayed more precisely and are discussed in Subsection 2.1..

### 2.1 Levers for Driving Change

The changes necessary to move an organization toward the vision of its strongest future are likely to focus on specific components of the organization. Focused change in these components of the organization can be used to drive the organization as a whole to improved business performance. These components, or levers for driving change, can be categorized in the six areas listed below.

1. *Markets and customers.* The vision of present and future may include differences in the way an organization will – or should – view and segment its markets and customer base.

2. *Products and services.* The refined market focus envisioned may be accompanied by changes in the scope and variety of products and services an organization seeks to bring to market.
3. *People and reward systems.* A vision may include differences in the kinds of people needed, systems and measures for rewarding them, and the culture that sends them daily signals concerning “how business is done” and “what we are all about” as an organization.
4. *Structures and facilities.* There may be a gap between an organization's structure today and its best future configuration. The facilities required to support the organization may also need to be considered.
5. *Business processes.* There may be a gap in the way an organization's business processes operate now and the way they will need to operate in the future to bring competitive products and services to market. New sets of pointedly relevant performance measures at the corporate and business unit levels would also need to be introduced.
6. *Technologies.* An organization's vision of the future may reveal a gap between the information-based technologies in place today and those needed to remain competitive in the future.

The first two levers for driving change can be viewed as strategic. They impact the fundamental mission of the organization. The next two levers can be viewed as organizational. They reflect who is performing the work. The last two levers can be seen as operational. They reflect how the work is performed.

Major change projects are multi-dimensional, i.e., they affect change through multiple levers, and they consider an organization's strategy directly or indirectly. For example, if an organization alters its strategy, that shift will most likely lead to

a major change that will affect its operations and organizational structure. On the other hand, if an organization considers implementing major change operationally or organizationally, the organization will ensure the change is consistent with its long-term strategy. If not, the project will be setting sail without a rudder.

In practice, many major change projects are driven by process issues in operations that impact technological and organizational levers of change. If the project has only a narrow focus, such as the use of technology to automate existing processes, it will make marginal contributions to the organization's business performance unless scope is expanded.

The levers for driving change do not act in isolation; systems support improved business processes, new processes require the redesign of jobs, and the redesign of jobs requires the creation of new performance measures and incentives.

## **2.2 Life Cycle of a Major Change Project**

All major change projects pass through three major stages reflecting the preparation for change, the implementation of change, and the assessment and reinforcement of change. These stages are shown below.

1. Pre-implementation stage
  - a) Build case for change
  - b) Assess current environment
  - c) Analyze issues and opportunities
  - d) Design target environment
  - e) Develop change plan
2. Implementation stage
  - a) Design and implement culture and organization
  - b) Design and implement processes and technology
  - c) Design and implement facilities and training

3. Post-implementation stage
  - a) Assess implementation results
  - b) Prepare for continuous improvement
  - c) Launch continuous improvement
  - d) Renew continuous improvement

Implementation of major change begins with building the case for change. In the pre-implementation stage, change drivers are identified along with their potential impact on the organization. From this analysis, a case for change is established based on strategic, organizational and operational levers. The organization's current environment is then evaluated to identify and analyze issues and opportunities, after which, a target environment and change plan are developed to fulfill that vision.

Once a change plan is developed and approved, the implementation stage begins. This is when the changes required to achieve the vision and target environment design are implemented. Implementation usually involves testing and quality assurance measures to ensure that the requirements are met. When all requirements are met and the change is considered successful, the post-implementation stage begins, where enhancement ideas for continuous improvement are formulated and launched.

## **2.3 Success Factors for Implementing Major Change**

Successful implementation of major change projects is highly dependent on managing the people and organizational dynamics of change. Particularly within large IT implementation projects, experience has shown that very few projects fail purely because of technical problems. The primary causes of IT project failure are listed below.

1. Lack of sponsorship by senior management
2. Lack of end-user involvement

### 3. Inadequate project management

The factors that influence the success or failure of a major change project often have less to do with the technical aspects of the project than with its organizational and human elements. Success factors that should be considered at the beginning of any major change project are listed below.

1. *Effective program management.* There should be a program management organization with the capability to plan and control multiple, interdependent projects. Program management should have the authority to allocate resources and resolve project conflicts.
2. *Strong support from the project sponsor.* The project sponsor has a personal stake in the outcome of the project and is actively involved when needed. The sponsor has the authority to define project goals, secure resources, and resolve organizational and priority conflicts.
3. *Clear goals and specific performance targets.* The project has clearly defined goals that can be measured against specific performance targets. The targets should represent tangible benefits to the organization and provide a means to determine project success or failure.
4. *Experienced project manager.* The project manager is directly responsible for the success or failure of the project. The project manager should have previous experience that supports the needs of the project.
5. *Availability of resources.* A sufficient number of people with relevant skills must be available when needed for the project to succeed. The availability of personnel is a key test of the authority and resolve of the project sponsor.
6. *Deliverables every 6 to 12 months.* Major deliverables for 3 to 5 year projects should be scheduled to arrive not less than every 6 to 12 months to ensure proper project direction, demonstrate progress, and limit scope.

As a major change project progresses, the project team must build consensus for change at all levels of the organization. Without a strong consensus, the project will die from inertia. Success factors for building consensus for change are listed below.

1. *Open and frank communications.* Formal and informal communications between the project team and the organization are needed to support consensus around the need for change and the expected benefits of change.
2. *Management understanding and support.* Management must support the scope and outcomes of project tasks before they begin.
3. *Informed stakeholders.* The project team must communicate project activities to all stakeholders and explain why they are taking place in terms of organizational and personal benefit.

Accomplishing these success factors requires acknowledging that they exist and consciously putting in practice techniques to attain them. Section 3 presents a set of change activities that can assist in managing the most important parts of any major change project: the organizational and human elements.



### 3 KEY FINDINGS

Organizations like ED have undergone major change initiatives triggered by advances in technology. While technology changes, the impact of major change initiatives on the organization, its people and its processes during a system implementation has not changed. Frequently, the need to address human and organizational change is not recognized until barriers are encountered during implementation. The challenge lies in building consensus for change at the beginning of the project and in managing people and organizational complexities during implementation.

This section presents the key findings of the *Project EASI/ED Best Practices Study on Implementing Major Change* and specifically addresses the importance of the human and organizational element in change. The section comprises five subsections, each of which covers one of the following change management activities shown in Figure 3-1 and listed below. These change management activities were selected to address specific project success factors and risks associated with implementing major change.

1. Managing projects – no project can succeed without effective management, particularly when the initiative is complex and represents a significant departure from “the way things are done around here.”
2. Building teams – effective team building is needed to ensure the project has adequate representation of skills and perspectives and to ensure that the team cooperates as a whole to affect change.
3. Managing stakeholders – involving groups or individuals with a stake in the project outcome, and securing their commitment to the project, is critical for change to occur and to be accepted within an organization.

4. Communicating – regular and open communications from and within the project team are needed to build and maintain the consensus for change in the organization.
5. Knowledge sharing – it is not enough to implement change once, the organization must develop the skills to manage ongoing change and to make continuous improvements.

Each change management activity is explained and illustrated with an example. Success factors are highlighted for consideration and closing remarks explain the implications of the change management activity for ED.



**Figure 3 - 1: Key Change Management Activities**



### 3.1 Managing Projects

#### Description

An organization implementing a major change must have the proper project management structure in place for it to succeed. The project should have a change sponsor, a steering committee, and a project manager. If the project is one of several related change initiatives in the organization, there should be a centralized program management group coordinating the individual change efforts. A description of the roles of these individuals and groups is provided below.

- The change sponsor is the champion of the project and provides high-level executive support.
- The steering committee represents individuals with a stake in the project outcome who have the accountability and decision making authority to resolve issues that extend beyond the project.
- The project manager is directly responsible for day-to-day management and successful, on-time, on-budget completion of all identified change project activities.
- Centralized program management coordinates multiple, concurrent projects to ensure that they are working in concert. Program management has the authority to allocate resources and resolve project conflicts.

#### Examples

##### *National Promotional Department Store*

A national retailer with almost 300 locations is undergoing a large-scale initiative to replace their legacy systems for the first time in 25 years. The project became part of a larger initiative to improve the store's overall business performance.

Project management is balanced between the retailer and PW. The project leads are the sponsor from the retailer and the partner from PW. The sponsor is an executive vice president responsible for strategic and merchandise planning. There are four project managers: a business manager from the retailer, a change integration manager from PW, an IT manager from the retailer, and an IT manager from PW.

To maintain a focus on progress, the four project managers hold weekly sessions with team leaders to receive updates and give feedback. The team leaders are asked to report on their progress in relation to their milestones. If the team leads are not making sufficient progress, they are asked what the barriers are. The project managers are responsible for helping the teams leads overcome these barriers and are measured on the time it takes to do so.

Project management is also responsible for and drives issue resolution. They review the important issues in the database on a weekly basis, check the statuses, and follow up with the people who are not closing their issues.

In addition to their management duties, all four managers are staffed on tasks and have deliverables on the project to facilitate knowledge transfer to the rest of the project team.

Project management lessons learned during this project are listed below.

1. Cross project communication is key for a project of this magnitude. Management must have a means to get messages out to people effectively such as through email or team leaders.
2. Change cannot be expected to happen overnight. It will happen gradually. One needs to realize that for most retailer employees, this is a 2 year project and that things will happen gradually. A person can become so involved in

the day-to-day activities that he or she needs to step outside the project and take pride in those gradual shifts. Do not be disappointed, just be patient.

### *Global Pharmaceutical Manufacturer*

A global pharmaceutical manufacturer with over \$10 billion in annual sales is implementing an enterprise resource planning (ERP) project that encompasses everything from receipt of order to receipt of cash.

The project is one of three major ERP initiatives in the pharmaceutical manufacturer's European markets. All three initiatives are sponsored by different Vice Presidents (VPs) in the organization and they have separate budgets.

The project sponsor is a European VP in order management. The individual is paired with a partner from PW. The project team is located in the US and Europe with the European team focusing on identifying requirements and change integration issues. The focus of the US team is configuration, development, training development, and cross-initiative integration.

There are weekly project management meetings where the subteam leaders report on status and issues to the group. The project sponsor attends these meetings and is very involved with the project.

The three initiatives are coordinated by a steering committee that serves as centralized program management and oversight. The steering committee is led by a senior VP in the organization and is composed of the three project sponsors, the three PW counterparts, the project management leaders, and directors from the involved organizations. The steering committee meets every other week.

Executive sponsorship has made the most significant contribution to the project. They have been critical on limiting scope and tackling issues. For example, the original target "go-live" date for a European country was the first quarter of 1999. That was pushed forward to January 1, 1999. The steering committee shifted the budget to provide more funds and hired additional people for the project. They were also active in removing roadblocks by holding other initiatives accountable for quickly closing out their issue logs. The steering committee held people's feet to the fire until the issues were resolved.

Project management lessons learned during this project are listed below.

1. Strong executive sponsorship and scope maintenance are required.
2. A strong program office to facilitate cross-initiative integration is required. Constant diligence is needed to integrate successfully three separate projects with differing views on design and differing political realities.
3. Regular interaction with the executive sponsor is important to keep him or her involved with and supportive of the project.
4. Milestones must be set early and communicated clearly and often. People need to be aware of what is the critical path.
5. Realistic resource estimates need to be set. The bias towards underestimating resource requirements needs to be avoided.

### *European Retail Bank*

The Chief Executive Officer of a European retail bank with more than 15 million customers made the decision to sell off a previous bank acquisition and its group treasury operations. Due to this decision, the bank needed to establish a new group treasury from scratch.

Project oversight and support were provided by the Chief Financial Officer (who was the project sponsor) and a PW partner. There was a project director who was responsible for balance sheet management and a project manager from PW.

The project manager was responsible for day-to-day management of the project and the project director was responsible internally for the project's success. They met formerly once a week, but in practice interacted daily. That level of interaction kept the director involved with the project and ensured that he took actions on certain items.

At one point, the project manager felt that a director in finance was not towing the line in support of the project. The project manager tried to persuade him to action but was unsuccessful. To manage the situation, he wrote up a list of concerns and sent them to the project director. The project director then removed the director in finance from the project. (There is a happy ending to this story: the director in finance hired the project manager on two later occasions and sighted this event as an example of the tough level of project management that he needed.)

Project management lessons learned during this project are listed below.

1. Rigid project discipline, e.g., commitment to issue resolution, staying under budget, starting meetings on time, etc., made a significant difference. This discipline was not always popular, but by running a tight ship, the project was able to make deadlines and accomplish a great deal in a short period of time.

## Success Factors

Success factors for individuals and groups performing project management are listed below along with success factors for project management activities. These success factors are drawn from the examples above and from secondary materials.

### *Change sponsor*

1. *High level.* The change sponsor should be at the highest level of the organization that will be affected by the change project. If the project will touch upon areas beyond a single process or organization, the sponsor should be above that level in the organization.
2. *Vested interest.* The change sponsor should have a personal stake in the project's success and should be an active champion for the project.
3. *Duties.* The sponsor duties include securing resources for the project, briefing top managers and stakeholders personally on the need and scope of the change, and resolving issues that extend beyond the project's scope.

### *Steering Committee*

1. *High-level.* The steering committee should include high-ranking individuals and group representatives that have a stake in the outcome of the change project.
2. *Accountability and authority.* The steering committee should have clear accountability and the decision-making authority to resolve issues that extend beyond the project's scope.
3. *Meeting frequency.* Steering committee should meet at least at key milestones and have full participation.
4. *Duties.* The steering committee members should have a clear understanding of their individual role in implementing change. This role can be defined during the course of the project but might include briefing their constituents on

project progress and issues, and acting as champions for the project within their own organizations.

#### *Project manager*

1. *High-level and credible.* The project manager should have sufficient experience and credibility that the project team and the organization feel comfortable with that individual directing large-scale improvements. A senior manager will inspire the team to reach for genuinely strategic goals.
2. *Full-time commitment.* The project manager must be freed of organizational obligations other than the change project. For this reason, it can make sense for the change project manager to come from outside the organization. If this is the case, there should be an internal manager as well and communications with this co-project manager are critical to developing a rapport with the entire organization.
3. *Communicates within the organization.* Mobilizing the organization to consider and finally believe in the need to change is difficult and good communications are essential to this mobilization.
4. *Deep commitment to change.* In order to communicate effectively the case for change, the project manager needs to have a deep understanding and belief in the necessity of change.

#### *Program management*

1. *Able to manage complexity.* The amount of time program management must devote to controlling multiple projects increases more rapidly than the number of projects itself, i.e., controlling 5 projects is more than 5 times as difficult as controlling one. To compensate for this, program management must strike a meaningful balance between the number of concurrent initiatives that are desired and the level of complexity that is manageable. (See next factor.)

2. *Prioritize the use of resources.* Given limited resources, it may be necessary to constrain or even suspend some low-priority projects for the good of the organization overall. This demands a rigorous assessment of priorities, since each project will have (or should have) a sponsor and stakeholder groups that will champion that project.

#### *Project planning and control*

1. *Project planning.* Adequate project planning is a necessary but not sufficient condition for the success of a project. Having a solid project plan will not guarantee success, but lack of one will almost certainly prevent it. Most importantly, project planning is not a task that ends when the project starts. It is an ongoing process to monitor and refine project plans continuously based on actual experience.
2. *Scope control.* Regardless of how a project is planned, poor scope control can kill it. If “scope creep” allows additional requirements or features into a project without a compensating increase in resources and/or time, budget and cost overruns are almost guaranteed. Scope control avoids “Christmas tree” projects, i.e., popular projects on which everyone hangs their personal goals.
3. *Risk management.* A formal risk management process allows potential problems to be identified before they occur, and helps to prevent small problems from becoming large ones.
4. *Issues tracking and resolution.* Issue resolution is the grease in the project wheel. Without it, projects come to a screeching halt. To facilitate the process, measures should be put in place to monitor the team’s ability to resolve issues. Everyone, from steering committee members to project team members, should agree to this process and be held accountable for resolving issues in a timely manner.

5. *Quality assurance.* Quality assurance and quality control help ensure that all facets of the project maintain consistently high standards. Quality should be designed into a project's management processes, rather than added at the end as a checking activity.
6. *Configuration management.* Configuration management is the discipline that provides for consistent identification and control of all the products (e.g., software, documents) that a project is creating. Along with being one of the least glamorous project activities, it is also one of the most important.

### Relevance to ED

The following factors should be considered by ED when planning project management activities.

1. *Executive sponsorship.* Project EASI/ED is an ED/Office of Postsecondary Education (OPE)/Student Financial Assistance Programs (SFAP)-wide initiative. As such, it requires active sponsorship at the SFAP leadership level. The message must be loud and clear that the leadership of the organization is fully committed to Project EASI/ED, and all words and actions should reinforce that message.
2. *Steering committee for Project EASI/ED.* Project EASI has a community-wide steering committee that can provide advice and direction on where Project EASI should be heading. It has no decision-making authority though, particularly where Project EASI/ED, ED's piece of Project EASI, is concerned. The Project EASI/ED Program Management Plan describes an Internal Review Board that is responsible for reviewing Project EASI progress, providing advice to the Project Sponsor regarding the implementation effort, and providing oversight to the implementation effort. ED should consider implementing

- the Internal Review Board to act as a steering committee for Project EASI/ED.
3. *Program management.* Project EASI/ED is a large, multi-year, multi-phase initiative, where multiple implementation projects may run concurrently. Project EASI/ED needs a central, permanently staffed Program Management Office (PMO) that has the responsibility and authority to control the SFAP-wide projects required to complete the project successfully.
4. *Project EASI/ED program manager.* If Project EASI/ED is to have a PMO, a program manager will be required. This individual should have significant experience in planning and controlling large projects, and should also have the respect of the organization. The success of a Project EASI/ED program manager will be less due to their knowledge of project management disciplines such as budgeting or cost control and more due to their ability to get results within ED's cultural and organizational environment. The position of Project EASI/ED program manager will be full-time, and the individual who holds this position should not have to contend with day-to-day line management responsibilities as well.



### 3.2 Building Teams

#### Description

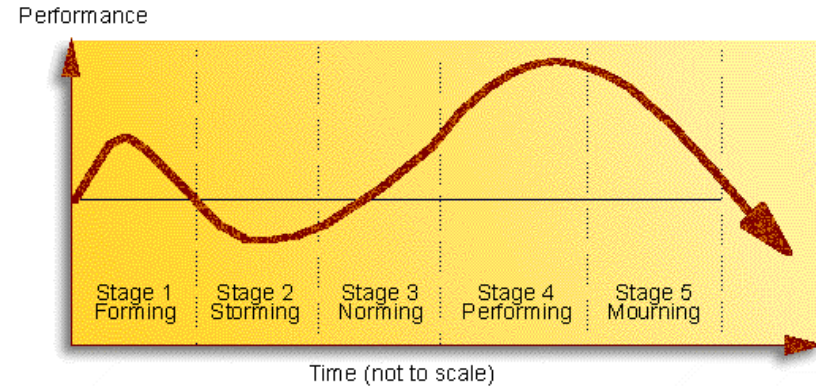
To achieve successful implementation of a major change, an organization must have competent, committed project teams. A team is a group of individuals who work together to achieve a common goal. Project team members must be willing to work with one another to reach the common goal of successful change implementation.

Teams undergo several stages of development as the team is solidifying and members are learning to work together. It is important to realize that a change team will not be a high-performing team on day one regardless of the competency of individual members.

The five stages of team development are listed below.

1. *Forming*. Team members are just getting to know one another and enthusiasm is high.
2. *Storming*. The team works to settle issues around group process, establish team roles and resolve power struggles. Conflict is high during this period and team morale dips.
3. *Norming*. The team establishes norms, working procedures and a social order. Team morale improves and work progresses smoothly.
4. *Performing*. The team works well together and work progresses at a substantial pace. Performance is at its peak and team morale is high.
5. *Mourning*. The team is disbanded and team members assume other roles outside of the team. Members yearn for the progress and excitement of the “old days.”

The team performance curve in Figure 3-2 below illustrates the team performance level related to each of the stages



**Figure 3 - 2: Team Performance Curve**

It is natural and even healthy for teams to proceed through these stages. Recognition of the stages can prompt project management to address the issues proactively in each stage and prevent the team from becoming stuck in one of the early low performance stages. It can also be helpful to explain this curve to the project team at the beginning of the project. Understanding the stages can lessen stress and stimulate the team to perform some of its own diagnosis and team development.

#### Example

##### *European Retail Bank*

The Chief Executive Officer of a European retail bank with more than 15 million customers made the decision to sell off a previous bank acquisition and its group treasury operations. Due to this decision, the bank needed to establish a new group treasury from scratch.

The close relationships between the project management team, composed of the project sponsor, the PW partner, the project director from the bank and the project manager from PW, were what made the difference in this project. The level of trust

among the group allowed them to communicate effectively and reach complex decisions quickly.

An example of where this was critical occurred one week before the new group treasury operations were planned to go live. One of the risks identified by the project team was the failure of the bank's data center. This risk was discounted by the head of IT as being a 'zero probability occurrence' because the multiple levels of redundancy in the system would prevent any single system failure from bringing down the data center. Although it had never happened before, the data center went down twice the week before group treasury operations were to go live. This affected all of the bank's operations. If the management team did not have such a close relationship at that time, they may have panicked and pushed back the 'go-live' date. Their trust in each other, however, and ability to communicate got them comfortably through that situation with the decision to proceed as planned.

### Success Factors

If managed well, teams can outperform other kinds of work groups. If the change team is not managed well, its members can become frustrated and unmotivated. Keys to team performance and ways to apply these concepts to building a change team are described below. These success factors are drawn from the example above and from secondary materials.

1. *Mutual accountability.* All team members must be mutually accountable for the results of the team. They must feel individually and jointly accountable for the team's purpose, goals, approach and work-products. The best teams have a shared sense that only the team can succeed, and only the team can fail.
2. *Aggressive goals.* Research has shown that both individuals and teams perform their best when they have aggressive

goals. The change leader, senior management team and steering committee need to give the change team meaningful and aggressive targets to achieve the highest quality results.

3. *Team members.* While the requirements for a team member vary according to the team's goals, the items below are useful attributes in any team member.
  - useful (in terms of team and project goals) process, functional or technical experience or knowledge
  - sufficient bravery to espouse (and change) ideas and positions
  - credibility with fellow team members and the larger organization
  - thought leadership
  - out-of-the-box or change-agent style of thinking
  - goal orientation and bias for action
  - past success working on teams
4. *Balance.* Balance should be considered when putting together a team. Thought should be given to different personality types and diversity. A mix of creative thinkers, drivers, team workers and implementers will craft better solutions than a team that is heavily weighted with one type or another. Likewise, gender and ethnic diversity can supply the change team with creative approaches and an appreciation for different views in the work force.
5. *Effective team size.* Teams that are too small or too large do not function effectively. Teams that are too small may not have the breadth of talent or exchange of ideas to craft creative solutions. Teams that are too large have difficulty in managing communications, coming to consensus, and often become bogged down in the process.
6. *Working approach.* The team must agree on and be comfortable with its approach to daily activities, i.e., how progress is reported, how decisions are made and what is



communicated to the outside. Team members also must clearly understand their own roles and responsibilities in the team and appreciate those of others.

7. *Empowerment.* One key to an empowered team is the knowledge that it has the right and authority to make things happen. This can involve spending or investing money, making decisions or implementing changes. The authority of the change team should be established up front. There is nothing more demoralizing than management rejecting change team recommendations that are “out of bounds.”
8. *Team building.* Team building can take many different forms. It can be team dinners, impromptu games in the team war room, training in conflict management or structured team building exercises. Whatever form it takes, it is helpful for the team to be able to release stress, resolve issues and get to know one another better.
9. *Introduce knowledge experts as they are needed.* The project manager may have to convince teams that knowledge experts are needed at appropriate times. Knowledge experts usually come from outside the organization and have especially deep or relevant experience in a certain industry, process or application. Knowledge experts can review process analysis or design documentation as a quality check and can provide input to designs through knowledge of best practices.
10. *Eliminate surprises.* Let the organization leaders know that team member changes will be necessary during the course of the project as different skill sets are required during different phases of the project. Communicating this early in the project should minimize reaction when the changes are made and should increase confidence in the project manager. Rate teams on effectiveness as the project progresses and maintain the flow of information to the project leaders regarding progress or lack of progress.

### Relevance to ED

The most stable change team over the life of Project EASI has been the Project EASI Core Team. The Core Team has been involved in Project EASI from its inception to the closing stages of the Project EASI/ED definition phase. As the design and implementation phases of Project EASI/ED are planned, ED should consider the items listed below when planning team building activities.

1. *Project EASI/ED change team.* ED should build a Project EASI/ED change team to facilitate implementation of Project EASI/ED within the Department. Change team composition, in terms of structure, representation and team members’ roles and responsibilities, should be based upon the success factors listed in this subsection.
2. *Core Team role and Project EASI/ED.* The creation of a Project EASI/ED change team leads to several questions regarding the most effective role of the Project EASI Core Team. For example, “Should the Core Team assume the role of Project EASI/ED change team?”; “Should the Core Team become part of the Project EASI/ED change team?”; “Should Core Team members have a role on the Project EASI/ED change team? If so, who?”.
3. *Core Team role and Project EASI.* ED should determine how well the Core Team measures up against the success factors in this subsection. ED should also address whether the Core Team is functioning well as a Project EASI change team given its current structure, representation, and roles and responsibilities. More fundamentally, ED should determine what, if any, role the Core Team should have in Project EASI, and to what extent ED should support them.

### 3.3 Managing Stakeholders

#### Description

Strategic change does not happen in a vacuum. Rather, change takes place openly in the organization's environment where it affects and can be affected by stakeholders. Stakeholders are groups or individuals who have a stake in the result of the change effort. They are affected by and can influence the results of the change project.

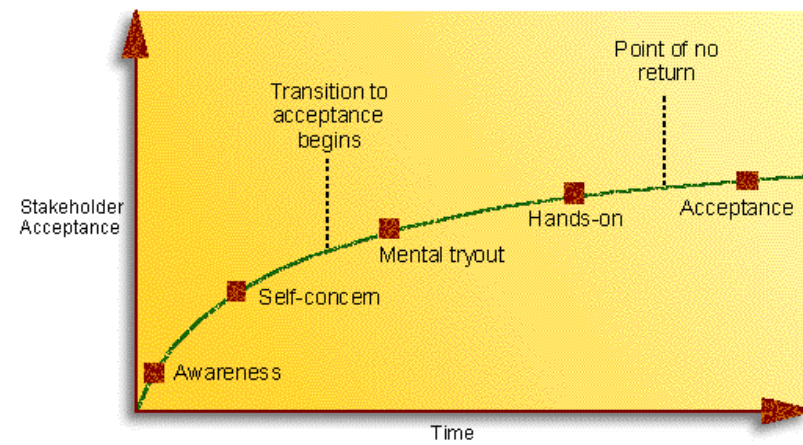
The process of building stakeholder commitment begins with the organization's leadership and continues across the organization until the commitment of all critical stakeholders is obtained. Stakeholder types are defined below.

1. Internal stakeholders: employees, management and owners
2. External stakeholders: suppliers, customers and competitors

During the life of the change project, the number of stakeholders continually increases and their level of influence can rise or fall. Ideally, all stakeholders would eventually reach acceptance of the change; however, this is unrealistic. As a result, the change effort focuses on maximizing the impact of those stakeholders who facilitate or enable the change and minimizing the impact of those stakeholders who inhibit the change.

Stakeholders can lead change efforts, be a part of them, or oppose them. A key to successful change projects is to leverage the leadership of pro-change stakeholders and prevent the opposition of anti-change stakeholders (neutral stakeholders tend to agree with successful change and oppose apparently unsuccessful change).

The stakeholder acceptance curve shown in Figure 3-3 provides a useful map for describing the varying levels of commitment of stakeholders to change.



**Figure 3 - 3: Stakeholder Acceptance Curve**

As people move through the change process, they experience the following:

1. *Pre-awareness.* A sense exists that something needs to change; the organization is unsure of what or how.
  2. *Awareness.* Elements of the target state and how to get there are coming into focus; they are not clearly defined as yet.
  3. *Self-concern.* Target environment and possibly some elements of the project are known in detail; the concern is "how will this affect me?"
- ⇒ At some point between self-concern and mental tryout, the transition to acceptance begins.
4. *Mental tryout.* Changes are beginning to be viewed as inevitable; attitudes shift to "how do I make this work for me?"
  5. *Hands-on.* Simulation of the target environment such as pilot projects, prototypes or training.

⇒ The point of no return is reached somewhere between hands-on and acceptance; this occurs when momentum for the change and near-acceptance of it have become so great that turning back is impossible.

6. *Acceptance.* Changed order of things or achieved target environment becomes the status quo.

The uphill shape of the curve indicates that the earliest phases of a change project require the greatest effort per person to affect change. A great deal of effort is required due to organizational inertia. Once the effort is under way, momentum and effective use of change management activities help sustain the change effort.

Management typically starts up the change curve first, given their early realization that things must change for performance to improve. However, employees can surpass managers in levels of commitment when they have a better realization of the problematic nature of the current environment.

The primary barrier to employees' desire for change tends to be their fear of how the change will affect them. Allaying this fear as early as possible frees up the most powerful lever of change in the organization: a motivated workforce.

### Examples

#### *Global Consumer Packaged Food Company*

A division of a global consumer packaged food company with over \$2 billion in annual sales is establishing common processes throughout their supply chain operations, creating new organizations and deploying new technology.

The project team went through a formal evaluation to determine who the stakeholders were (primarily different executives on the

steering committee) and to rank them in terms of influence on, and support of, the project. The team attempted to identify stakeholder groups by determining who would need to approve of, or sign-off on, decisions for the project to move forward. The ranking was determined, in part, by conducting interviews with them and their staff.

Not all of the stakeholders were accurately identified or categorized at the beginning of the project. Additional influential stakeholders emerged from the process walk-throughs. The walk-throughs served to identify the key experts and to achieve their buy-in. Most experts were middle management and below.

The level of executive interest in the project varied as well. Interest was low at the beginning and increased as "the rubber met the road." When there was a product to review, executives became more involved. The challenge is to make sure they are supportive when they become involved.

Stakeholder management lessons learned during this project are listed below.

1. Initial interviews with stakeholders must be done with them individually. The goal is to determine their personal hotbuttons as they relate to the project, e.g., do they view the project as eliminating their jobs or enhancing their career? Meetings that include their staff do not uncover that personal level of detail.
2. Cultivate and assist project cheerleaders. A few cheerleaders need to be won over to speak on the project's behalf. The project team should make that easier for the cheerleaders by giving them the messages they need.

#### *National Promotional Department Store*

A national retailer with almost 300 locations is undergoing a large-scale initiative to replace their legacy systems for the first time in 25 years. The project became part of a larger initiative to improve the store's overall business performance.

The project team has periodic communication meetings with senior-level management to get their buy-in. The project team uses these meetings to communicate status and raise issues. The team then uses focus groups with middle management to resolve the issues. This process keeps middle management actively involved, allows them to have a hand in project decisions, and creates buy-in. Middle managers realize they are shaping the end product and, in this way, the system is designed with the users involved.

Training is another management technique used to win over resistant stakeholders. Those stakeholders who are not won over by the project message are brought into the team and made power trainers. Thus, the project team wins over the toughest people through training and they win over the rest.

Stakeholder management lessons learned during this project are listed below.

1. It is extremely important to involve senior management to get their buy-in. Often, they are big proponents of the project but they do not fully understand the key issues with which people below them are wrestling. The project manager must help them understand these day-to-day issues and alert them of the ones that require their involvement.

#### *European Retail Bank*

The Chief Executive Officer of a European retail bank with more than 15 million customers made the decision to sell off a previous bank acquisition and its group treasury operations.

Due to this decision, the bank needed to establish a new group treasury from scratch.

As part of stakeholder management, the project manager established a user management team that was critical to the success of the project. In a project this size, project management issues arise frequently. At first, the project manager became swamped with the number of issues. He formed the user management team to facilitate issue resolution. The team was composed of key stakeholders representing different user groups within the bank. Importantly, they also were frequently the source of the issues. This team met every Wednesday at 2pm to review all outstanding issues. They could not leave the meeting until there was an action or a plan to have an action for each issue. This led to some long evenings but it was an effective way to knock down roadblocks and make progress on the thorny issues while achieving stakeholder buy-in.

#### **Success Factors**

These success factors are drawn from the examples above and from secondary materials.

1. *Stakeholders must be identified.* Organization-wide change cannot be implemented unless individuals change. To facilitate this personal change, stakeholders must be identified, their interests inventoried and their likely reaction to change evaluated. With this information, a plan can be drafted to manage their participation in the project and secure commitment to the change.
2. *10 percent of the organization should be involved in making the change happen and 100 percent should be informed.* Stakeholder analysis should be used to identify who should be involved and who needs to be informed.

3. *Account for all stakeholders.* The individual responsible for managing stakeholders must ensure that all stakeholders are accounted for and addressed appropriately – either to ensure their continued support or to mitigate or eliminate their antagonism toward the change.
4. *Meet with stakeholders personally.* Initial interviews with stakeholders must be done with them individually. The goal is to determine the stakeholders' personal hot buttons as they relate to the project, e.g., do they view the project as eliminating their job or enhancing their career? Meetings that include their staff do not uncover that personal level of detail.
5. *Adopt a stakeholder.* Each member of the project team should “adopt” an important stakeholder and communicate with him or her regularly. This will facilitate an in-depth understanding of the stakeholder's views, provide valuable feedback to the team and facilitate the stakeholder's movement up the acceptance curve.
6. *Build change agents.* Build change agents from the earliest stages of the project and strategically involve people to create broad ownership among different stakeholder groups and different organizational levels. As the commitment-building process begins with each stakeholder group, one or more individuals clearly will express more interest in and commit more quickly to the change than others in that group. These people can serve as change agents, helping others in their group understand and accept the change. At each step of the commitment process, identify change agents and gain their involvement in the process.
7. *Revise performance measures.* No single tool is more effective in changing stakeholder behavior. What gets measured, gets done. Performance measures can elicit the desired behavior for the new environment and gradually

shift the organization to the desired culture if developed carefully.

8. *Use training as a reward.* Most people like to learn new skills. People also recognize that the more skills they have, the more marketable they will be to their current employer and potential future employers. Furthermore, people tend to accept what they understand. Hence, use training as a tool to build commitment where appropriate.
9. *Implement early when possible.* Management can visibly demonstrate commitment to the change process and build momentum by implementing a few identified opportunities for improvement immediately.

### Relevance to ED

The following factors should be considered by ED when planning stakeholder management activities.

1. *Stakeholder management.* By any standard, the stakeholder community of Project EASI/ED is extremely broad and diverse. This creates enormous challenges in ensuring stakeholder involvement and acceptance of change. ED has risen to meet this challenge by organizing a high level of community involvement in the definition of Project EASI/ED. This effort has in many ways been successful, but ED has a significant challenge ahead in maintaining stakeholder involvement and support, particularly as change becomes more “real” to those it will ultimately affect. ED should make a formal effort to characterize the level of support and influence of Project EASI/ED's stakeholders. Based upon that analysis, ED should secure the support those stakeholders who can effectively promote Project EASI/ED and act to manage the impact of those who can impede change.
2. *Change agents.* While there are effective change agents within ED who spread the Project EASI/ED vision, there is



room for more. ED should review their internal constituencies, attempt to create change agents within those constituencies, and then actively involve those change agents in implementing Project EASI/ED.

3. *Organizational and cultural issues.* Addressing and resolving organizational and cultural issues will be as crucial to the success of Project EASI/ED as the effectiveness of its process design and technology. The impact of Project EASI/ED on SFAP's organization and culture, and by implication the level of support it can expect from SFAP's people, should be assessed well before any systems are implemented.

### 3.4 Communicating

#### Description

Communication is fundamental to creating change. The communication process begins with senior management and reiterates and expands as necessary involving all stakeholders. Over time, more and more stakeholders are brought into the communications loop of receiving information and providing feedback. The focus of managing the communications process is to produce a desired sense of direction and then to foster the energetic and creative pursuit of that direction by change participants. The keys to effective communications are simple. Communications should be honest, relevant, and well sustained.

#### Example

##### *Global Consumer Packaged Food Company*

A division of a global consumer packaged food company with over \$2 billion in annual sales is establishing common processes throughout their supply chain operations, creating new organizations and deploying new technology.

The project message followed a communication lifecycle that moved from audience awareness to questioning. Initial messages focused on communicating project goals and background. Subsequent communications have shifted focus to project outputs and impacts. In addition, the team always provides project context by discussing the interdependencies of the initiative among other ongoing projects.

Initially, communications were going to be tailored for different stakeholder segments. The team realized, however, that all of the stakeholders wanted to hear the same thing. From there, project communications employed a shotgun approach, i.e., trying to hit as many people as often as possible.

A lot of external communication was done through site visits. The project team visited many sites to conduct interviews to see how they were performing processes today. For each site visit, they did a “roadshow” first. These roadshows were coupled with monthly newsletters (to about 700 people). The project team also provided impromptu presentations when asked. They did not turn down any requests. These requests arrived approximately monthly.

The team established an email account to field questions. All questions are answered personally and then incorporated into the list of Frequently Asked Questions (FAQs). The FAQs are included in the monthly newsletter.

Communication lessons learned during this project are listed below.

1. Never turn down an opportunity to communicate to one’s stakeholders.
2. Answer all questions or issues raised.
3. Communicate information, including issues, early. At the beginning of the project, there was a reluctance to communicate project direction and issues to the organization. The motto of the project sponsor was “Do not bring up issues until they are issues.” In hindsight, this was a mistake.

#### Success Factors

The communications plan for a change project identifies audience, messages and their sources, media, schedules, responsibilities, feedback mechanisms, and performance measures and targets. Success factors for these elements are discussed below. These success factors are drawn from the example above and from secondary materials.



1. *Audience.* Consider each discrete stakeholder (major groups and key individuals) a separate audience for whom messages can and should be tailored. Once individual stakeholders and stakeholder groups have been mapped, and their concerns identified, a communications plan can be developed to target and convey appropriate messages to each group.
2. *Messages.* Messages may need to be tailored for each audience. Interests of middle management often differ from those of front line employees. Likewise, external stakeholders such as customers, suppliers and regulators have their unique concerns and must receive unique messages. For internal stakeholder groups, best practices listed below can be used for message creation and delivery.
  - a. *Keep it simple.* Keep messages limited to a few key themes per communication.
  - b. *Be honest to build trust.* Be very careful of what you promise. It is much easier to exceed people's expectations than to deal with not having met them. People will appreciate honesty and the change effort will have more credibility if the change team tells it like it is. An executive at one company in the midst of an SAP implementation told employees, "We don't guarantee you a job. We guarantee you a career, if you're willing to change with us." This statement clarified the implications of change for everyone at the organization. Those who were single-mindedly concerned with preserving their current jobs could expect to find the next few months unsettling. Those willing to change and grow into new responsibilities could expect an exciting, rewarding time.
  - c. *Don't blast the past.* Criticizing past actions can easily lead to confusion about how people should behave and create resistance to desired new behaviors.
  - d. *Use a strong business case for change.* Communication of a strong business case will create discomfort with the current environment and motivate people to accept change. Discussion of competitive benchmarking data is an effective way to strengthen a business case and make it believable.
  - e. *Use the customer's voice.* Nothing is more compelling than a customer complaint or request. Gather customer feedback and use it to support the case for change.
  - f. *Communicate bad news early and good news often.* No one likes to hear bad news, but people accept it much better if they receive the straight scoop early. It also helps to know what steps the organization is prepared to take to help its people deal with bad news. This assistance and reassurance should be communicated as early as possible.
  - g. *Say what will change, what will not change and what will be decided later.* People like to know exactly where they stand. Be very clear about what will and will not be in the future environment to eliminate confusion and unnecessary worry. Also, be up front about what has not been decided and will be decided later; include an expected time frame for resolution if possible.
3. *Media.* Most projects use standard communication tools like status reports and newsletters for relating general news about project progress.
4. *Schedule.* Plan the timing and frequency of communications for the greatest project benefit. When and how often a message is communicated has a great impact on how it is received and whether it is remembered.

5. *Frequency is important.* Marketing studies indicate that most messages must be heard at least three times before sinking in. A message may need to be heard even more often if there are competing messages, or if the audience is preoccupied or in a state of mental disarray.
6. *Responsibility.* Accountability for the bulk of communications will rest with the project team. Where at all possible, communications should come from the organization leadership as they have a stake in the change and should be more credible.
7. *Feedback mechanisms.* Feedback mechanisms are needed for each communication to ensure that the intended message is heard and to gather audience reactions. Examples of mechanisms include: reader reply cards, hotlines and voice mail, bulletin boards, and surveys.
8. *Performance measures and targets.* As with all other change project activities and tasks, communications effectiveness targets must be set and performance measured. Set targets and measure performance for the communications process (e.g., deliver each message to each audience three times) and the results (e.g., people are using the new hotline number mentioned in the newsletter).

### Relevance to ED

The following factors should be considered by ED when planning communications activities.

1. *Communications plan.* Although a communications plan has been developed for Project EASI, there is no formal, written communications plan specifically for Project EASI/ED. A simple, high-level plan should be added to the *Program Management Plan*. The plan should identify key audiences for Project EASI/ED, central messages, and major means of communications. In addition, sufficient

resources should be made available to execute the communications plan effectively.

2. *Tailored communications.* Communications can be tailored simply by changing the speaker. ED needs to ensure that its voice is heard by the postsecondary education community by increasing its role in communicating the Project EASI/ED vision. Customization of the message should be based upon stakeholder analysis, but all communications should have a consistent, central message that is evident to the target audience.
3. *Measurement of communications effectiveness.* Without some mechanism to assess the effectiveness of its communications effort, ED has no means to establish whether or not its intended messages are heard or understood. A set of performance metrics should be created to measure the effectiveness of Project EASI/ED communications. Examples of metrics could include: the growth of Project EASI InfoNet subscribers segmented by stakeholder; results to informal surveys focused on specific issues and specific stakeholders; number of speaking engagements segmented by stakeholder.

### 3.5 Sharing Knowledge

#### Description

meet new situations. Sharing knowledge among project team members, among project teams (if there are concurrent

new skills and disseminate that insight. Large-scale change can also include organizational changes that significantly affect the

responsibilities may require staff to perform new activities, which in turn will require training to teach staff how to fit into

should be viewed as two-way communication between project team members and staff. Training is an opportunity to educate

and is an opportunity for team members to receive feedback to design a more effective system. Knowledge sharing is also an

stakeholder support.

Participation, demonstration and practice are the keys to adult

reading, videos and audiotapes can be used to share information

that rely on participation because attendees have real-world experiences to share, thereby effectively supplementing the

Participative methods also increase effectiveness by placing the responsibility for learning on the class.

methods include demonstration and practice of skills, sharing experience and knowledge, structured tasks based on cases,

The selected method for transferring skills depends on the skill or knowledge level of the learner, and the complexity of the

are listed below.

1. Lecture, i.e., discussion, practice
2. On-the-job, i.e., job aids, supervised use of skills
3. Coaching, i.e., empowerment, occasional reminders

The best method for transferring skills may be a combination of

#### Examples

##### *Global Consumer Packaged Food Company*

over \$2 billion in annual sales is establishing common processes throughout their supply chain operations, creating new

Training needs were based upon standard enterprise resource planning software training material and differences between the

need for a training design phase and training prototype early. The team tried to leverage as much of the work from the

recycled key change documents that summarized the main differences between the “as-is” and “to-be” demand planning

executive level from various perspectives, i.e., organization, process and systems.

develop documentation and content standards to allow process design material to be easily leveraged for training purposes.

below.

1. Recycle and leverage material from anywhere possible. Inform the subteams that their outputs must be of training quality ahead of time and have the training personnel verify their quality.
2. Ensure the training team is very in tune with process design content. The training team must be very knowledgeable on the process, able to interpret it, make it understandable and highlight the important materials for the end users.

#### *National Promotional Department Store*

A national retailer with almost 300 locations is undergoing a large-scale initiative to replace their legacy systems for the first time in 25 years. The project became part of a larger initiative to improve the store's overall business performance.

There were many more retailer project team members than PW team members. This imbalance is to increase knowledge transfer and to minimize risk once PW leaves. Since the software package chosen is beta software, the retailer employees need to know how to run it and perform trouble-shooting on their own. That is also why the project managers are so heavily involved with day-to-day activities. After the project is over, project team members will be a group of experts at conducting this type of implementation in a retail environment. At this time, however, everything is brand new and there are no experts anywhere.

#### *British Company*

As part of a reengineering initiative, a British company implemented an SAP software platform to enhance customer service.

One of the major goals of the system was to deliver more detailed information to customer service representatives so that they could resolve a greater number of inquiries on the first call.

To help employees understand their new activities once the system came on-line, the company organized a series of workshops in which service representatives discussed their concerns with peers. While additional technical training was still needed, the workshops provided an atmosphere of encouragement and shared concern that eased service representatives' migration to the new system.

#### **Success Factors**

These success factors are drawn from the examples above and from secondary materials.

1. *Target training for all levels of employees within the organization.* Formal training should be provided for the front-line employees since they are principally responsible for making the new system work. Middle managers should receive formal training covering tasks of front-line employees and also training specific to their new jobs and job requirements. In the case of senior management, knowledge sharing is more informative than formal. The goal is to educate, motivate, and inspire the senior management team.
2. *Identify topics of importance early.* Topics that cover areas of importance to the organization should be identified as early as possible. This should allow enough time to come up with a project plan containing the relevant topics to cover when sharing knowledge with employees.
3. *Timely knowledge sharing is the most effective.* Skills atrophy if they are not used in a relatively short amount of time. Schedule training right before the specific information or skill will be relevant.
4. *Instructor development.* Personnel with sufficient experience and knowledge to share with others are rare. Provide instructor development training to these few, and send them out to train others. Then, teach these instructors

how to run instructor development classes too, so that needed capabilities can be disseminated throughout the organization continuously.

5. *Knowledge sharing approach.* Select a knowledge sharing approach most suitable for the organization. There are many different approaches, including the examples listed below.
  - a) Instructor-led (i.e., discussion, practice)
  - b) User procedures
  - c) Computer-based training (CBT)
  - d) Interactive video disk
  - e) Self-study
  - f) Traditional film/video/audio
  - g) Interest groups
6. *Provide coaching for employees.* While some employees are eager to take on new roles within the changed organization, others may lack confidence, skills or sufficient knowledge of the business. A coach can help employees become comfortable with greater accountability.

### Relevance to ED

The following factors should be considered by ED when planning knowledge sharing activities.

1. *Employee development.* Training can take on a number of different forms, the most widespread being the teaching of specific knowledge (how to use a particular software package, for example). Another form of training that is often important in a major change project is the teaching of more general interpersonal and/or management skills. Project EASI/ED is likely to change the nature of the work carried out by many individuals, and attention should be paid to providing them with the skills necessary to take effective advantage of the functionality that Project EASI/ED will offer them.

2. *Knowledge and skills transfer.* Large-scale projects, especially system development projects, often require the transfer of knowledge and skills between contractors who perform development work and internal staff who will operate and maintain the system. Given the way ED contracts out most of its development and operations work, it is critical for ED to develop a reserve of internal expertise in order to facilitate knowledge transfer between contractors and to manage their work effectively. ED needs an effective knowledge transfer mechanism to give the flexibility to more readily adopt alternative contract architectures (e.g., the Band Strategy).

## 4 SUMMARY

This Section summarizes the change management activities and describes their relevance to ED.

### 4.1 Managing Projects

An organization implementing a major change must have the proper project management structure in place for it to succeed. The project should have a change sponsor, a steering committee, and a project manager. If the project is one of several related change initiatives in the organization, there should be a centralized program management group coordinating the individual change efforts.

The following factors should be considered by ED when planning project management activities.

1. *Executive sponsorship.* Project EASI/ED is an ED/Office of Postsecondary Education (OPE)/Student Financial Assistance Programs (SFAP)-wide initiative. As such, it requires active sponsorship at the SFAP leadership level. The message must be loud and clear that the leadership of the organization is fully committed to Project EASI/ED, and all words and actions should reinforce that message.
2. *Steering committee for Project EASI/ED.* Project EASI has a community-wide steering committee that can provide advice and direction on where Project EASI should be heading. It has no decision-making authority though, particularly where Project EASI/ED, ED's piece of Project EASI, is concerned. The Project EASI/ED Program Management Plan describes an Internal Review Board that is responsible for reviewing Project EASI progress, providing advice to the Project Sponsor regarding the implementation effort, and providing oversight to the implementation effort. ED should consider implementing

the Internal Review Board to act as a steering committee for Project EASI/ED.

3. *Program management.* Project EASI/ED is a large, multi-year, multi-phase initiative, where multiple implementation projects may run concurrently. Project EASI/ED needs a central, permanently staffed Program Management Office (PMO) that has the responsibility and authority to control the SFAP-wide projects required to complete the project successfully.
4. *Project EASI/ED program manager.* If Project EASI/ED is to have a PMO, a program manager will be required. This individual should have significant experience in planning and controlling large projects, and should also have the respect of the organization. The success of a Project EASI/ED program manager will be less due to their knowledge of project management disciplines such as budgeting or cost control and more due to their ability to get results within ED's cultural and organizational environment. The position of Project EASI/ED program manager will be full-time, and the individual who holds this position should not have to contend with day-to-day line management responsibilities as well.



## 4.2

To achieve successful implementation of a major change, an organization must have competent, committed project teams. A common goal. Project team members must be willing to work with one another to reach the common goal of successful

The following factors should be considered by ED when planning team building activities.

*Project EASI/ED change team.*

EASI/ED change team to facilitate implementation of Project EASI/ED within the Department. Change team

members' roles and responsibilities, should be based upon the success factors listed in the subsection.

2. *Core Team role and Project EASI/ED.* The creation of a regarding the most effective role of the Project EASI Core Team. For example, "Should the Core Team assume the "; "Should the Core Team become part of the Project EASI/ED change team?";

EASI/ED change team? If so, who?"

*Core Team role and Project EASI.*

how well the Core Team measures up against the success factors listed in the subsection. More fundamentally, ED should determine what, if any, role the

ED should support them.

## 4.3 Managing Stakeholders

Strategic change does not happen in a vacuum. Rather, change affects and can be affected by stakeholders. Stakeholders are groups or individuals who have a stake in the result of the results of the change project.

The following factors should be considered by ED when

1. The stakeholder community of Project EASI/ED is extremely broad and diverse. This acceptance of change. ED should make a formal effort to characterize the level of support and influence of Project should secure the support those stakeholders who can effectively promote Project EASI/ED and act to manage
2. While there are effective change agents within ED who spread the Project EASI/ED vision, there is constituencies, attempt to create change agents within those constituencies, and then actively involve those
3. Addressing and resolving organizational and cultural issues will be as effectiveness of its process design and technology. The impact of Project EASI/ED on culture, and by implication the level of support it can expect from any systems are implemented.



#### 4.4 Communicating

Communication is fundamental to creating change. The communication process begins with senior management and reiterates and expands as necessary involving all stakeholders. The focus of managing the communications process is to produce a desired sense of direction and then to foster the energetic and creative pursuit of that direction by change participants. The keys to effective communications are simple. Communications should be honest, relevant, and well sustained.

The following factors should be considered by ED when planning communications activities.

1. *Communications plan.* Although a draft communications plan has been proposed for Project EASI, there is no formal, written communications plan for Project EASI/ED. A simple, high-level plan that should be added to the Program Management Plan. The plan should identify key audiences for Project EASI/ED, central messages, and major means of communications.
2. *Tailored communications.* Communications can be tailored simply by changing the speaker. ED needs to ensure that its voice is heard by the postsecondary education community by increasing its role in communicating the Project EASI/ED vision.
3. *Measurement of communications effectiveness.* Without some mechanism to assess the effectiveness of its communications effort, ED has no means to establish whether or not its intended messages are heard or understood. A set of performance metrics should be created to measure the effectiveness of Project EASI/ED communications. An examples could include the growth of Project EASI InfoNet subscribers grouped by stakeholder.

#### 4.5 Sharing Knowledge

Large-scale change projects create demands for new skills to meet new situations. Sharing knowledge among project team members, among project teams, and among staff is an important means to develop new skills and disseminate that insight. Training should be viewed as two-way communication between project team members and staff. Training is an opportunity to educate staff about the changes that have evolved from implementation and is an opportunity for team members to receive feedback to design a more effective system.

The following factors should be considered by ED when planning knowledge sharing activities.

1. *Employee development.* Training can take on a number of different forms, the most widespread being the teaching of specific skill. Another form of training that is often important in a major change project is the teaching of more general interpersonal and/or management skills. Project EASI/ED is likely to change the nature of the work carried out by many individuals, and attention should be paid to providing them with the skills necessary to take effective advantage of the functionality that Project EASI/ED will offer them.
2. *Knowledge and skills transfer.* Large-scale projects, especially system development projects, often require the transfer of knowledge and skills between contractors who perform development work and internal staff who will operate and maintain the system. Given the way ED contracts out most of its development and operations work, it is critical for ED to develop a reserve of internal expertise in order to facilitate knowledge transfer between contractors and to manage their work effectively.

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**APPENDIX A – ACRONYMS**

VP

Vice President

The acronyms used in this document and their definitions are listed below.

CBT	Computer-Based Training
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Information Officer
EASI	Easy Access for Students and Institutions
ED	United States Department of Education
FACCTS	Faulkner’s Advisory on Computer and Communications Technologies Database
FAQ	Frequently Asked Question
HR	Human Resources
IS	Information Systems
IT	Information Technology
OPE	Office of Postsecondary Education
PMO	Program Management Office
PSS	Program Systems Staff
PW	Price Waterhouse LLP
QA	Quality Assurance
SAP	Systemanalyse and Programmentwicklung
SFAP	Student Financial Assistance Programs
UK	United Kingdom
US	United States of America

**APPENDIX B – INTERVIEW SCRIPTS**

The interview script used to conduct the best practices study interviews is included. Items in brackets, e.g., [What are the levers of change for a major change project?], detail how the answer to the question was intended to be used.

**Setting the Stage**

*[What are the levers of change for a major change project? What drives major change projects? What needs to be established at the beginning?]*

1. *Would you mind giving us a brief overview of the project including the following information?*

- *sponsor position*
- *organization(s) or process(es) targeted for improvement*
- *reasons why the project was initiated*
- *key project goals*
- *stage in project life cycle and project time frame*

2. *How did the project support the organization's strategic objectives?*

3. *What approach was the focus of the project: business process reengineering, information technology, or organizational change? Why?*

4. *Were the other drivers for change considered as well? Why/why not?*

**Guiding the Project**

*[What are the necessary characteristics for a good project manager? How should a project be structured to minimize risk of implementation failure?]*

5. *How was project management structured? What were the roles and responsibilities?*

6. *What controls were used to minimize project risk, e.g., technical risk, budget risk, and schedule risk?*

7. *Were there any major changes to the structure of project management? If so, why?*

8. *How was the effectiveness of project management determined? Was it effective? Why/why not? Lessons learned.*

**Critical Activity**

*[What single activity was most critical to the success of a major change initiative? What activity presents the greatest learning opportunity for the Dept of Education?]*

9. *What project activity most influenced the success of the project? Why was it important to the success of the project?*

10. *How was the project activity implemented?*

11. *Did the activity evolve during the course of the project? How and why?*

12. *How was the effectiveness of the activity determined? Was it effective? Why/why not? Lessons learned.*

**Advice**

13. *What were the major factors that influenced the success or failure of the project?*

14. *If another company were implementing a major change in IT, what advice would you provide for them?*

**Procedural**

15. *Can we use the company's name in the write up? Is there someone at the company that the Department can contact for more information?*

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## APPENDIX C – PRINCIPLES OF BETTER CHANGE

In the process of applying the Price Waterhouse Change Integration methodology to corporate change initiatives, Price Waterhouse has identified 15 guiding principles common to all successful change projects. Like all principles, they need to be applied astutely to specific situations – an IT implementation is a very different initiative than a plant opening or a merger – but the principles have proven effective in diverse situations.

1. **Confront reality.** The rationale for large-scale technology change is certain to be tied to powerful business realities, but confronting reality is painful. Critical information may not be surfaced because it embarrasses key managers. In one organization, the shocking discovery that it had generated 400,000 management reports in the past year was deleted from a report to the CEO. The reason: disclosure would have discomfited a senior executive. The relentless pursuit of truth is necessary. Otherwise, an organization is in danger of implementing a new system based upon misguided assumptions, not business realities.
2. **Focus on strategic contexts.** Opportunities for change, and the need for change, may be endless. But capital and energy are not. Focus efforts on areas where the positive impact of new information technology will be greatest. Success will convince skeptics that new technology can help the organization achieve meaningful change and create new opportunities.
3. **Summon a strong mandate.** A powerful new system often challenges accepted ways of doing business. A strong mandate from top management, amplified by the voice of the customer, is necessary if an IT installation is to revitalize an organization. Without that mandate, the implementation

is likely to be limited to the resolution of technical issues rather than strategic business issues.

4. **Set scope intelligently.** The mandate controls the scope of a system implementation. Working too far beyond the boundaries of the mandate can result in a failed project and employee cynicism toward future projects.
5. **Build a powerful case for change.** The project team must do a good deal more than publicize the functionality of the new technology. The new technology and its expected results need to be woven into powerful messages tailored to various audiences and frequently communicated.
6. **Let the customer drive change.** Injecting the voice of the customer into the implementation will help discrete business unites, however different their priorities and goals, to cooperate fully in bringing about change. The parameters and scope of the new system should be dictated by rigorously defined customer needs. In the end, an IT implementation is all about customer service.
7. **Know your stakeholders.** Many powerful groups and individuals have stakes in the outcome of a major system implementation. Just as companies continually segment markets to better satisfy customers, the project team should segment and prioritize the needs and motives of stakeholders. Through focus groups, one-on-one interviews, and other information gathering and communication techniques, the project team needs to understand and address the concerns, fears and aspirations of each group.
8. **Communicate continuously.** Stakeholders should be informed of each milestone achieved as the new system progressively goes on-line. Similarly, temporary reverses or delays should be communicated honestly. Most stakeholders will learn to trust the process and the intended results if they feel certain that substantive information is

freely and honestly shared with them. Communication is all but constant in organizations that understand the value of managing change rather than imposing it.

9. **Reshape your measures.** Performance measures drive an organization but are rarely revised as new systems create new possibilities – and new obligations – at all levels of the organization. As the system reshapes business processes and brings new strategic goals within reach, performance measures must reflect these new realities.
10. **Use all the levers of change.** Successful organizational change requires a comprehensive, integrated vision that helps the change team focus on all essentials.
  - Markets and customers
  - Products and services
  - Structure
  - People, including reward programs
  - Business processes
  - Technologies
11. **Think big.** What are the full implications for business success of the new technology? No one else has the vision you do – if your leadership team is willing and able to “think big.” Challenge the team to visualize a wealth of improvements the new system might deliver. Not all of its ideas will prove practical, but the process should surface a few ideas that have genuine power to transform the organization.
12. **Leverage diversity.** The leadership team overseeing the implementation of new information technology and managing the change process it sets in motion is likely to produce breakthrough results only when the team reflects the full diversity of your organization and the environment in which it operates. Diverse perspectives from across the

organization will ensure the design of a powerful system grounded in reality.

13. **Build skills.** Concurrent with the massive investment in systems, invest in building capable and skilled users. By profiling required skill sets and setting in motion the necessary training, the leadership team will ensure the smoothest possible transition. Ongoing support for new skills and attitudes will be no less important. Upper and middle management need to be as involved in the acquisition of new skills as frontline employees.
14. **Plan.** No system implementation can succeed without a thorough plan. And no implementation can succeed as fully as promised without a plan that considers not just technical issues, but also methods and goals for managing change. Think systematically about each lever of change and build a plan that addresses change in all dimensions.
15. **Integrate your initiatives.** Organizations with committed, energetic managers are likely to have a number of change initiatives or programs already under way when the system initiative commences. Wherever appropriate, the project team should create alliances with these ongoing initiatives. Linking the IT implementation to a successful quality improvement program, for example, may offer a shortcut to consensus among quite different areas of the organization. From their top-down perspective, senior executives need to be vigilant in ensuring that concurrent change programs enhance one another and further shared business objectives.

**APPENDIX D – BIBLIOGRAPHY**

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